

502,777,789 Million in Child Care Funding for North Carolina to Help Families and Providers

New guidance will support North Carolina in distributing American Rescue Plan child care funds

On June 11, 2021, the Office of Child Care (OCC), within the Administration for Children and Families, U.S. Department of Health and Human Services, issued [guidance](#) (Information Memorandum CCDF-ACF-IM-2021-03) for states, territories, and tribes on using the almost \$15 billion in child care supplemental funding included in section 2201 of the American Rescue Plan (ARP) Act (Public Law 117-2) and awarded to states, territories, and tribes on April 15. The guidance provides direction to state leaders as to how to distribute these resources to parents and child care providers.

Background. Child care costs are a major burden for many families, yet child care programs operate on razor thin profit margins, and the workforce is one of the most underpaid. The resulting lack of child care options costs the U.S. economy billions of dollars each year in lost earnings, productivity, and revenue. To address these system failures, which were exacerbated by the COVID-19 public health emergency, the ARP Act included nearly \$15 billion in supplemental Child Care and Development Fund (CCDF) grants to help families pay for child care and expand quality options available to support healthy child development. Together with the nearly \$24 billion in ARP Act stabilization grants which are meant to stabilize the hard-hit child care sector during and after the pandemic (awarded April 15; [guidance](#) issued May 10), this is an important opportunity for states, territories, and tribes to address the child care crisis and rebuild toward a stronger system.

Key Facts: The CCDF is the primary federal funding source for child care subsidies to help eligible working families access child care and to improve the quality of child care for all children. But underfunding has meant that only 14% of eligible families receive assistance. Parents can't work when they can't find or afford child care. During the pandemic, many child care workers lost their jobs and some families have struggled to find child care.

These funds offer a solution, as States, territories, and tribes can use this funding to:

- Prioritize increasing payment rates to child care providers and improving compensation of the child care workforce. Many lead agencies pay providers less than needed to provide high-quality child care and fairly compensate the workforce. Using these funds to increase workforce compensation will improve care quality by allowing providers to recruit and retain qualified staff, give parents a wider range of options from which to choose, boost wages for a chronically underpaid workforce, and better support the small businesses that comprise the child care sector.
- Provide child care assistance to families who have lost employment or income during the pandemic
- Build the supply of child care in low-income communities, especially for historically underserved populations